



**California Department of Veterans Affairs
Disabled Veteran Business Enterprise (DVBE) Advisory Council
Meeting Minutes, Tuesday March 9, 2004**

Location

Medal of Honor Hall
California Department of Veterans Affairs
1227 O Street
Sacramento, California, 95814

Participants

DVBE

- Allen Amaro
- Jerry Caton
- Gene Farnsworth
- Don Gonneville
- Ken Jackson
- Floyd Knox
- Rondia Moss
- Bob Mulz
- Mike O'Connor
- John Rak
- John Robbins
- Francis Trottier
- A.J. Wilson
- Bob Yaap

CDVA

- Sheryl Schmidt, Acting Deputy Secretary, Operations and Administration and Deputy Secretary, Women's Veterans Affairs

- Ralph Cansimbe, HQ Operations Manager, Veterans Services Division (VSD)
- Stewart MacKenzie, DVBE Outreach and Education Coordinator, VSD
- Mike Slater, Veterans Claims Representative, VSD

DGS

- Mariel Dennis, Chief, Office of Small Business and DVBE Services Branch
- Gloria Anderson, Certification and Compliance Manager
- Patricia Connors, Utilization and Development Manager

Special Guests

- George Andries, Director of Capital Outlay & Construction Division
- Joseph Forney
- Bill Teeple, Senior Counselor, The Federal Technology Center
- Jack Toney, Program Director, The Federal Technology Center

DVBE Advisory Council Members Absent

- Alison Boyle
- Larry Brooks
- Michael Johnson
- Kevin O'Connor
- Jim Stanfield
- Larry Turner
- Tim Voors

Welcome and Approval of Minutes

Don Gonneville, co-chair, CDVA DVBE Advisory Council, opened the meeting at 10:06 a.m. and led the council in the Pledge of Allegiance. Afterward, he said the council should have been doing this at each meeting and jokingly said that Bob Mulz would lead them in a rendition of God Bless America. Ralph Cansimbe, co-chair, HQ operations manager, VSD, CDVA welcomed council members and guests. Mr. Cansimbe called for a motion to approve the minutes of the January 14 meeting. Motion made by A.J. Wilson, seconded by Floyd Knox. All council members were in favor. Minutes approved at 10:10 a.m.

Introduction of CDVA Staff Members

Sheryl Schmidt introduced new staff members Stewart MacKenzie and Mike Slater. Ms. Schmidt said Mr. MacKenzie is a disabled veteran and was a Marine Corps combat photographer in Vietnam. She said personnel changes included Steve Dakota moving to the marketing unit and Mike Slater into the DVBE program. Mr. Cansimbe said he felt with Mr. MacKenzie's marketing background, things would move very quickly. He said Mr. Mackenzie would be going statewide, attending various events, and added, "He's really motivated and it makes my job easier." Mr. Gonneville thanked everyone for their attendance in spite of the meeting date change. He said several council members couldn't make the meeting because of the date change, and Joseph Forney had been asked to sit in for them.

Presentation-Federal Technology Center

Mr. Gonnevillle introduced Bill Teeple and Jack Toney from the Federal Technology Center, a procurement assistance program. Mr. Toney handed out a packet on the services FTC offers and gave the floor to Bill Teeple. Mr. Teeple began a slide presentation/tour of the packet at 10:18 a.m. He said FTC's mission is to help small businesses learn how to sell their products and services to federal, state, and local governments. Mr. Teeple said free training and counseling services are provided by FTC and encouraged council members to take advantage of them saying, "We're here to help you succeed. We're your link. We're low cost or no cost." More information may be found at the FTC website, www.TheFTC.org. Floyd Knox said he had used the service and found it to be excellent. There was a brief discussion about services and fees. Mr. Toney thanked the council for the invitation to speak at the meeting. Council applauded the gentlemen from FTC for their presentation. Mr. Gonnevillle called for a two-minute break at 10:44 a.m.

DGS Certification Process & Requirements

Gloria Anderson began her presentation at 10:47 a.m., which included printed materials handed out to council. Ms. Anderson pointed out what had changed effective January 1, 2004. AB 669 and SB 1008 amended sections of the Military and Veterans Code, Government Code, and Public Contract Code that concern the DVBE Participation Program and SB Preference Program. Newly added requirements in the DVBE program include that a DVBE:

- Must be domiciled in California.
- Must submit complete tax returns for each of the previous three tax years (as applicable to the start date of the business) at the time of the certification.
- Limited Liability Companies can be certified as DVBE's when wholly owned by one or more disabled veterans.
- Renting equipment to the state-must provide a declaration stating the ownership of each piece of equipment (which must be at least 51% owned by disabled veterans), and must submit complete tax returns for each of the previous three tax years for each owner; or must provide a declaration stating the firm is acting as a broker/agent.
- In addition, the definition of "commercially useful function", has been expanded; and, sanctions relating to aspects of the program, including certification, have been augmented.

Ms. Anderson went over the DVBE application as well as what documents are required. Bob Mulz asked how a new DVBE could provide three years of business tax returns. Ms. Anderson said she would add a bullet in the document stating that a new business would not have to provide three years of returns. Ms. Anderson then went over the document DVBE Analysis Guide (revised 1/01/04) at 11:08 a.m. A.J. Wilson asked the definition of "domicile." Mariel Dennis defined it as "one place of residency." Mr. Gonnevillle apologized to Ms. Anderson, as he had to interrupt her presentation so that George Andries could address the council.

Veterans Homes and Cemetery Projects

Mr. Gonneville welcomed George Andries at 11:23 a.m. Mr. Andries said the Veterans Homes are moving along but there had been some land acquisition issues. He said he couldn't go into great detail until he could do more research. He said he wanted to make sure the paperwork was filled out the way it's supposed to be, but the reality is, "this is a huge project." He said the goal is to have DVBE's provide goods and services but that it's not a guarantee. He suggested making it easier to locate and target DVBE's by setting up a register that clearly defines what services the DVBE provides. He said, "We need direction from you to make it easier for DVBE's to bid on projects. Charity begins at home." Mike O'Connor said, "Don't use that word, charity." Mr. Andries said, "What I meant was to make the process work better for DVBE's since we can't guarantee every dollar goes to them." Mr. Andries suggested DVBE's call DGS and get on their registry. Mike O'Connor said he had called to get the names of DVBE's working on these projects and received no reply. Mr. Andries said, "We have DVBE's involved on these projects right now. The bids were out in April; check the meeting minutes, it's there. I've told anyone who calls the names of the architects working on these projects." Bob Mulz said he had a two-page list of errors made during construction on the Barstow and Chula Vista projects that were not DVBE's. Mr. Mulz asked whom he could send the list to and bid on redesigning the work. Mr. Andries said to send it to him. Allen Amaro said the DVBE program is not a preference program, but that SBE is. Mr. Amaro suggested a numerical goal of 15% that must be obtained as opposed to the 3% good faith effort. He suggested Mr. Andries pass this on to DGS and let them decide if they want to implement it. Francis Trottier told Mr. Andries that every time he appears at a meeting, Mr. Trottier asks him about contracts having pre-bid conferences and that he wanted it noted in the minutes. Mr. Andries said, "I am not a contracting officer and you can put that in the minutes." Mr. Gonneville said the council had been fighting the good faith effort for years and wanted 15% participation and commitment from the Secretary. Mariel Dennis told Mr. Andries that there is no policy or law that prohibits his department from raising the participation goal. Mr. Andries once again suggested creating a registry of DVBE's and the services they provide. Bob Yaap said, "The lists are out there, don't let contractors tell you they aren't." Mr. Yaap added, "This isn't that hard. Department of Corrections demands that these requirements are met, why not other departments? If you don't represent us, who will? The Tail is wagging the dog, and we're the dog. We came to you two months ago to assist you for free and never heard anything." Mike O'Connor said former Secretary Johannessen pledged vets homes project would have a minimum of 15% participation. He added, "Either you're for us, or against us, or just want to get the job done. You'll read about it in the Bee, the good faith effort has serious flaws. This is it, get on or get off the train. We don't need another Chula Vista with zero participation. Get off your ass and get on your feet." Mr. Andries said, "I didn't say good faith effort is what we want. We have a new Secretary. I'll ask him what his policy will be. The law will be followed on all of our projects. I cannot change the law. Our druthers are not to accept good faith effort. The most powerful thing we can do is hold people accountable. A.J. Williams said the DGS DVBE list was being misused in the name of good faith effort. Mr. Gonneville gave an example of a contractor calling a DVBE who supplies paper and asking if they do roofing. Mr. Andries said, "That is not a good faith effort." Mr. Gonneville said, "We want 15% participation, do or die." Mr. Andries suggested

putting the list on CDVA website for bid opportunities, “even if it’s a link to DGS site. Put this in the minutes.” Mr. Andries left the meeting at 11:54 a.m. Mr. Gonneville called for a lunch break.

Adjourn for Lunch at 11:55 a.m.

Reconvene at 12:55

Mr. Gonneville handed out copies of CDVA New Homes Construction Contact List he had obtained from Mr. Andries. He asked Gloria Anderson to continue her presentation at 12:56 p.m.

DGS Certification Process & Requirements Continued

Ms. Anderson picked up where she had left off and continued her presentation. Commercially Useful Function (CUF) was discussed. CUF-what will your company do? Ken Jackson asked what the penalties are for “pass through” or not having a CUF. Ms. Anderson said she is the point of contact for program abuse. Mariel Dennis said if no CUF is found, certification is denied. She said the buyer, under law, must show that prime and sub have a CUF. DGS evaluates all bids and the state will not award to any business without a CUF. Ms. Dennis asked the council, “Have we met your needs with what you wanted us to cover?” Ms. Anderson left the podium and received an ovation from the council.

Legislative Update

Ms. Dennis took the podium and began her legislative update at 1:20 p.m. She said the Annual DVBE Statewide Statistical Report 2002/2003 had been approved by the Governor’s office. She said she would provide hard copies to those who don’t have web access. Ms. Dennis went over the printed material DVBE Council Legislative Update. The purpose of the document is to update the council on the status of implementation of recent legislation affecting the SB/DVBE programs, particularly with regard to the requirement to provide a “commercially useful function”. The document also addresses the status of SB and DVBE regulations resulting from the legislative changes. Ms. Dennis said AB 669 and CUF are a huge win for DVBE’s and the state. She said the DVBE regulations were waiting in the wings and she needed the council’s help. She asked the DVBE council legislative subcommittee to meet with her staff on this project. Ms. Dennis said the plan was to submit the notice of public hearing after the expiration of the executive order on May 17. Ms. Dennis said she and DGS are happy to have any help council members may offer, and to contact Simona Hernandez at 916-375-4921 or via email Simona.Hernandez@dgs.ca.gov Ms. Dennis asked the council if they had questions. Bob Yaap asked if there were fines or jail time for the CDF DVBE program abuse. Ms. Dennis said Gloria Anderson had assembled 8 files on 8 firms for prosecution. She also said they were pushing for a meeting with the Attorney General. She stated that the AG has cooled down on going after these cases, but DGS was moving it forward again. Bob Mulz commented on the negative stories in the Sacramento Bee regarding DVBE program abuse. Mr. Mulz said it would be great to put positive stories on the DGS website to show examples of DVBE program success. Ms. Dennis said it was a great idea. She also said the council would be instrumental, and there for DGS when the abuse

cases go to trial. Mr. Amaro asked how to get the AG “off the dime” and bring these cases forward. He said, “We need to send a message. What can we do to help?” Ms. Dennis said, “It’s not my place to tell you what to do. We’re not the big bad state.” Ken Jackson said he didn’t think the AG wanted to go after disabled vets at time of war. Mr. Amaro said, “We need to screen our own people and clean our own house. Mr. Mulz said, “We need to focus on the positive, be proactive. Blast out positive press. Mariel and DGS are making efforts to move it forward.” Ms. Dennis thanked the council and finished her presentation at 1:40 p.m.

Letters: Governor’s Office ETC.

Mr. Gonnevillie said the new Secretary would hopefully be back. He said, “The Secretary was here at 12:30 and we weren’t.” Mr. Gonnevillie handed out drafts of letters to the Governor’s Office and various Legislators. He asked council for suggestions. John Robbins suggested taking the executive order and putting it in bold. Rondia Moss suggested inviting the Governor to the next series of meetings and include the dates in the letter. Mr. Gonnevillie said, “We’ll have to make sure we are not on break when he arrives.” There was further discussion amongst council. Mr. Gonnevillie thanked them for their suggestions. He said he would make the changes and send them out electronically for approval. Mike O’Connor said, “It’s hard to put your thoughts in a letter, did you write this?” Mr. Gonnevillie said he had lost the email of the draft so he tried to remember all the previous suggestions. Mike O’Connor reiterated, “It’s difficult to put thoughts in writing and you did it well.” Mr. Gonnevillie said, “In that case I wrote it!”

Open Forum

John Rak updated council on a situation he had found himself in that made him uncomfortable. Mr. Rak’s company was subcontracting on a project though Department of Real Estate. He had bid \$25,000 and was awarded \$100,000. Mr. Rak had met with the vendor and bought materials. The contractor circumvented him and ordered wire and had it shipped to the location. Mr. Rak said he “raised hell” with the vendor. He said the total eliminated any profit margin for my company. Mr. Rak was told profit wasn’t a concern, but having him participate was. He said he was worried about new DVBE’s being taken advantage of. The discussion was put on hold as the new Secretary arrived with Sheryl Schmidt.

Introduction of CDVA Secretary

At 2:09 p.m., Sheryl Schmidt introduced Secretary Tom Johnson to the council. Secretary Johnson spoke of his background in healthcare. He said he had come out of retirement for this position, had flunked the first interview, and the second interview went well. He had spent ten days in office and four of those were on the road. He said the first letter he sent out was to DGS in support of contracts to DVBE’s. Mr. Johnson said getting the Barstow home running was a top priority. He said the Inspector General told him lack of consistent leadership had been a major problem. Mr. Johnson said his last job lasted 29 years. He asked council if they had questions. Joseph Forney asked, “How can we help you?” Mr. Johnson said he appreciated that question. Mike O’Connor said, “The Inspector General is right, it’s been chaotic around here.” Mr. Johnson said he had read an article that said CDVA was the most ineffective department and added, “I wish I had

read it before I accepted.” Bob Mulz asked, “Would you welcome information from us about construction problems with Barstow?” Mr. Johnson said yes, and that he liked things in bullet form listing each separately. Mr. Johnson thanked the council and left at 2:20 p.m. Mike O’Connor said, “This sounds like a breath of fresh air.”

Open Forum

Mr. Gonneville asked John Rak if he had finished with his discussion. Mr. Rak said, “This kind of activity goes on.” Mr. Gonneville asked if any other council members had items to discuss. Francis Trottier brought up workers comp problems for employers. Mr. Amaro said CDF eliminated the DVBE list and merged it with the SBE list. Gloria Anderson said there would be two lists and DVBE would get first preference. Mr. Gonneville said the most important announcement of the day was to “feed the kitty” for the donuts, coffee and water. Patricia Connors told of an upcoming event, Resource Exchange, where SB’s and DVBE’s can meet face to face with contracting officials and advocates from state and local agencies. She said Stewart MacKenzie would be there and that George Andries had been invited. Ms. Connors suggested incorporating the next Advisory board meeting with the event, since they both are on May 20. Resource Exchange runs from 9:00 a.m. to 12:00 p.m. After a brief discussion, it was decided the next meeting would be held 1:00 p.m. to 5:00 pm so that council members could attend the morning event. Ms. Connors then handed out copies of the 2002-2003 DVBE Statewide Statistical Annual Report.

Construction Problems

Mr. Gonneville turned the meeting over to Sheryl Schmidt regarding construction issues on Vets homes projects. Bob Mulz mentioned the two-page list of errors that had been made and oddities. Some of the things he mentioned include:

- Non functional fountain
- Incorrect cable
- Fence installed improperly at the Alzheimer’s facility
- Air conditioning units must be pulled down to change filters
- One television for two beds with two remote controls
- Television mount had to be torn down to put two in it’s place
- Lack of a public announcing system

Sheryl asked Mr. Mulz and other council members to please send lists to her and the Secretary via email. She reminded them Secretary mentioned he liked things in bulleted form.

Wrap Up

Kylene Monday took questions from council about travel reimbursement. Mr. Gonneville thanked everyone for participating. Mr. Cansimbe thanked council and vowed to “move issues forward for you.”

Adjournment

Mr. Gonneville adjourned the meeting at 3:04 p.m.